

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Liberty Bancshares, Inc. / Liberty Bank

Point of Contact:	Gary E. Metzger, President	RSSD: (For Bank Holding Companies)	2352226
UST Sequence Number:	760	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	21,900,000	FDIC Certificate Number: (For Depository Institutions)	34087
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Springfield
Date Repaid ¹ :	N/A	State:	Missouri

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

As a result of the CPP, Liberty Bank made new and renewed loans with additional funds of \$198 million, which resulted in a net increase in gross loans of \$12.1 million for the year ending December 31, 2010.

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

For the year ending December 31, 2010, the following loan types experienced loan growth: Residential Mortgages - increased \$6.3 million, SBA Loans - increased \$16 million

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Increase securities purchased (ABS, MBS, etc.).

Empty response box for 'Increase securities purchased (ABS, MBS, etc.).'

Make other investments.

Empty response box for 'Make other investments.'

Increase reserves for non-performing assets.

Any increase in loan reserves were accomplished through the earnings of Liberty Bank and CPP funds were not used for this purpose.

Empty response box for 'Increase reserves for non-performing assets.'

Reduce borrowings.

The CPP funds were not used to reduce borrowings.

Empty response box for 'Reduce borrowings.'

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X Increase charge-offs.

The dollar amount of gross of charge-offs for 2010 were slightly above 2009's level but no CPP funds were used to support the 2010 charge-offs. Internal provisions and earnings were used for the charge-offs.

X Purchase another financial institution or purchase assets from another financial institution.

Although Liberty Bank did purchase a competitor's branch, none of the CPP funds were used for this purchase.

X Held as non-leveraged increase to total capital.

See comments below.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

As a result of the CPP funds, Liberty Bank was able to continue to solicit and make additional loans to small and medium sized businesses and to individuals. With the economic turmoil and so many unknowns that the banking industry was facing, Liberty Bank would have curtailed lending and increased its capital ratios by shrinking the bank if the CPP funds had not been available. Liberty Bank was also the number one SBA producer in Southwest Missouri for 13 consecutive years and the number one SBA producer in all of Missouri for 2010. For the SBA fiscal year that ended September 30, 2010, Liberty Bank made 139 SBA loans for a total of \$33,567,580.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Liberty Bank has analyzed several FDIC assisted bank sales that without the CPP funds, our level of interest would be limited. Liberty Bank did make a formal offer to purchase an FDIC assisted sale but we were not the selected purchaser. We will continue to seriously consider this type of transaction as well as other unassisted acquisition opportunities. Liberty Bank did purchase a local bank in March 2011.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDI funds.

Liberty Bank's core business continues to be small to medium sized businesses and individuals. The CPP funds allowed Liberty Bank the cushion it needed to continue to provide loans and products to the residents of Southwest Missouri. When the decision was made to participate in this program, the economy was in a tail spin and although Liberty Bank was well capitalized and had quality loans and earnings, we decided that many businesses and individuals needed a bank that would continue to loan money during these rough economic times. Due to our profitability, strong asset quality and the additional capital that was provided through CPP, Liberty Bank was able to increase its loans to many customers whose only source of funds were from a bank.